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GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF HUMAN SERVICES
LANSING



MARIANNE UDOW
DIRECTOR

March 3, 2006

The Honorable Bill Hardiman, Chair
Senate Appropriations Subcommittee on DHS
Michigan State Senate
Lansing, Michigan 48933

The Honorable Rick Shaffer, Chair
House Appropriations Subcommittee on DHS
Michigan House of Representatives
Lansing, Michigan 48933

Dear Senator Hardiman and Representative Shaffer:

Section 657(7) of 2005 Public Act No. 147 requires the Department of Human Services to report on the results of the audit of the before- or after-school program. That report is attached.

If you have any questions about the attached material, please contact John Sorbet at 373-7787.

Sincerely,

Marianne Udow

Attachment

C: Senate and House Appropriations Subcommittee on DHS
Senate and House Standing Committees on Human Services
Senate and House Fiscal Agencies
Senate and House Policy Offices
State Budget Office

Department of Human Services' (DHS) Before- or After- School Program FY 2005 Annual Report

Before- or After- School Program (BA) - Overview

The BA program provides low-income Temporary Assistance for Needy Families (TANF)-eligible youth, in kindergarten through ninth grade, with safe and engaging environments to motivate and inspire learning outside the traditional classroom settings. The program is in the sixth year of operation, broadening its service delivery from an eight-county pilot program to availability statewide in selected geographic locations. Through a statewide competitive bid process, program proposals were reviewed and selected within each bidder's respective county. Priority points were given to bidders that provided programming at sites that operate DHS Family Resource Centers (FRCs) which focus on under-performing schools. This partnering of the FRCs and the BA program provides support to those families who are most in need of additional services. Bidders were also awarded priority points for blending Juvenile Justice Delinquency Prevention Program (Title V) dollars with the BA funding. These Title V funds focus on the provision of prevention services through a *community-based system of care* to youths at risk of, or engaged in, the juvenile justice system.

The BA program operates through seventeen contracts in fifteen Michigan counties: Berrien, Calhoun, Cheboygan/Presque Isle, Genesee, Grand Traverse, Ingham, Jackson, Kent, Mackinac, Marquette, Midland, Muskegon, Saginaw, and Wayne. The BA funding is used to support effective before- or after-school programs that combine academic, enrichment, and recreational activities for youths. The legislative boilerplate language requires that "*each program includes academic assistance, including assistance with reading and writing, and at least three of the following topics:*

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|---|------------------------------------|
| ◇ <i>Abstinence-based pregnancy prevention.</i> | ◇ <i>Gang violence prevention.</i> |
| ◇ <i>Preparation toward future self-sufficiency.</i> | ◇ <i>Leadership development.</i> |
| ◇ <i>Case management or mentoring.</i> | ◇ <i>Anger management.</i> |
| ◇ <i>Chemical abuse and dependency including non-medical service.</i> | ◇ <i>Parental involvement."</i> |

DHS requested a two-week extension to the submission deadline for this report due to limited staffing capacity. A statewide competitive bid process was conducted in spring 2005 resulting in the award of \$ 4,966,839.74 in the following seventeen (17) contracts, which began operation in July 2005:

County	Contractor	# of Sites	Grades	Allocation	Programming
Berrien	Citizens for Progressive Change, Inc.	3	6-8	\$429,250.94	Art; museum; curriculum focused on empathy, impulse control, problem solving; career exploration; leadership skills, financial planning, job skills.
Calhoun	Albion Public School	7	K-8	\$149,999.80	Enrichment & recreation; field trips; guest speakers; arts/crafts; science projects; drama music; life skills, family enrichment; service learning; career exploration.
Calhoun	Battle Creek Public Schools	4	K-5	\$399,999.72	Substance abuse resistance; physical fitness; zoology; gardening; boy/girl scouts; career exploration, team sports; outdoor education.
Cheboygan/Presque Isle	Onaway Area Community Schools	1	1-8	\$154,656.05	Tutoring; computer training; abstinence (sex); character building; parental involvement; anger management; individualized programming.
Genesee	Jung Do Martial Arts Academy, Inc.	1	K-9	\$141,924.67	Hapkido; mental discipline; individualized homework assistance; parent council; abstinence; teamwork; self-control; gang violence.
Genesee	United Way of Genesee	7	K-9	\$498,368.88	Small group tutoring; scrapbooking, walking club; computer training; sports; dances; positive peer relations.
Grand Traverse	Traverse City Area Public Schools	2	K-6	\$214,303.00	Recreation; physical fitness; arts; crafts; Spanish; Ukrainian; substance abuse; family activities; nutrition; leadership skills; English language support.

County	Contractor	# of Sites	Grades	Allocation	Programming
Ingham	Ingham County Board of Commissioners	3	K-8	\$150,000.00	Leadership & team building development; interactive theater; substance abuse; career preparation; problem solving; interpersonal skills; gardening skills.
Jackson	Highfields Inc.	1	5-8	\$113,775.00	Anger management; leadership & self-sufficiency development; recreation activities; parent partnerships; communication skills; self-esteem.
Kent	Heart of West Michigan United Way	6	K-6	\$500,000.00	Tutoring; homework assistance; teambuilding; character building; Boys/Girls Scouts; service learning; computer lab; parental literacy.
Mackinac	Child and Family Services of the Upper Peninsula, Inc.	1	K-8	\$212,021.97	Strengthening Families workshops; recreation; community based activities; mentoring; conflict resolution; leadership skills.
Marquette	Child and Family Services of the Upper Peninsula, Inc.	5	K-8	\$295,593.00	Mentoring, tutoring; guest speakers; conflict resolution; community service programs; field trips; family programming.
Midland	West Midland Family Center	2	4-8	\$73,600.00	Computer lab, science projects, substance abuse, leadership, peer mediation; <i>Focus on the Future</i> – goal setting, career exploration; community speakers.
Muskegon	Muskegon Public Schools/M-TEC	3	K-8	\$375,064.00	Provide parental strategies for academic success; life assets; cultural & recreational activities; character building; service learning; leadership development; mentoring; technology.
Saginaw	First Ward Community Schools	6	K-9	\$332,093.98	Recreation, art & cultural classes; computer; drug and violence prevention; Boy/Girl Scouts, field trips; violence prevention; character building.

County	Contractor	# of Sites	Grades	Allocation	Programming
Wayne	Wayne Metropolitan Community Action Agency	1	K-6	\$125,063.05	Academic enrichment; cultural & recreational enrichment; social skills building; personal development; parental and family support.
Wayne	Communities in Schools of Detroit, Inc.	6	K-8	\$801,125.68	Science; drama; quilting; art; robotics; dances; woodwork; service learning; keyboard; pottery; culture & diversity.

Program Outcomes

The BA contracts were signed with an effective date of July 1, 2005. The program sites were required to be licensed through DHS' Office of Child and Adult Licensing. Compliance with the licensing process proved challenging for some contractors, specifically there were barriers in securing staff that met the certification/educational requirements. Those contractors that had existing summer programming, and an existing day care license, were able to incorporate the BA dollars and began serving youth immediately. The remaining contractors were unable to begin services until the start of the 2005-2006 school year.

Contractors were asked to survey a portion of their participants each quarter. The proceeding outcomes reflect the surveys administered to participants in summer school and the first two months of the first quarter of the 2005-2006 school year. The reporting size was impacted by the fact that most sites did not provide summer programming and/or were not able to timely initiate marketing efforts that established full program participation until mid-October.

Most of the students, therefore, had not participated long enough in the programming to report any outcomes. The corresponding number of survey responses for each of the program outcomes varies in relationship to the number of contractors that chose that specific topic as an outcome.

Section 657 (7) of 2005 Public Act No. 147 requires reporting on the following program outcomes.

- ***Program Expenditure Audit*** – Found on page 5 of this report.
- ***Number of participants*** (Data source - as reported by the contractors)
 - 4,020 unduplicated students.
- ***Average cost per participant*** (Data source - as reported by the contractors)
 - Unable to determine due to limited data available by the close of FY 2005. Cost data will be provided in the FY 2006 report.
- ***Decrease in juvenile crime:*** (Data source – student surveys)

- 697 out of 813 (or 84%) students surveyed reported no incidence of juvenile crime occurred during this reporting period.
- ***Decrease in aggressive behavior:*** (Data source – student surveys)
 - 868 out of 991 (or 88%) students reported a reduction in aggressive behavior.
- ***Academic achievement:*** (Data source – student surveys)
 - 499 out of 701 (or 71%) students reported a positive increase in academic success.
- ***Development of a new skill and interest:*** (Data source – student surveys)
 - 611 out of 1136 (or 54%) students reported they had learned a new skill.
- ***Improved school attendance & dropout rates:*** (Data source – student surveys)
 - 637 out of 818 (or 78%) students reported an increase in school attendance.
 - 448 out of 503 (or 89%) students reported a reduction in unexcused absences.
 - 98% of programs reported that no students dropped out of school during this reporting period.
- ***Positive behavioral changes in school:*** (Data source – surveys administered to youths, parents, and teachers)
 - 799 out of 956 (or 84%) of those surveyed reported that participants experienced positive behavioral changes in school.

Program Expenditure Audit

The Department of Human Services entered into seventeen contracts with sixteen agencies to provide services for this program. The agencies had varying start dates in July and August of 2005, and ran through September 30, 2005. The program allocation for FY 2005 was \$1,603,041.46, with final expenditures totaling \$1,215,076.64. In FY 2006, all sixteen agencies re-entered into contracts with DHS to provide these services. As of January 30, 2006, DHS made payments totaling \$890,414.73 to the agencies for services provided in FY 2006.

Scope

Section 657(7) of 2005 Public Act 147 requires the Department of Human Services to audit Before- or After- School Program expenditures and report on the program. DHS Office of Internal Audit (OIA) selected four of the sixteen agencies and performed audits to determine if their billings were accurate, and if the costs charged to DHS were allowable and properly

documented. DHS also verified whether the agencies maintained records to document TANF eligibility for program participants. The 4 agencies selected for review received \$250,383.37 of the \$890,414.73 (28%) disbursed as of January 30, 2006.

Findings and Recommendations

The following is a summary of OIA findings from the audits performed for the 4 selected agencies:

- Three agencies billed for costs that were not included in their contract budget. Because this was a new program for these agencies, they had difficulty anticipating all costs that were necessary for delivery of the required services.
- Three agencies had minor billing errors. They billed amounts that were different from the amount of expense recorded in their general ledger and supported by invoices or other documentation.
- Two agencies entered into subcontracts with other agencies to provide services needed to meet contract requirements without obtaining prior approval from DHS for the subcontracts. One agency subcontractor provided payment by a method that DHS would not have approved, if prior approval had been requested.
- One agency procured services from another agency without entering into a subcontract. They made payment to this agency based on a telephone call with the agency to establish the amount to be paid. They did not obtain an invoice or billing or any written documentation for the services provided or the amount paid.
- One agency, with multiple sites, served some children who were not TANF eligible (40% for one program and 31% for another).
- One agency billed for costs incurred prior to the start date of their contract with DHS.

- One agency billed for services provided by one of its employees although the contract stated that the services were to be provided by a subcontractor.
- One agency billed some of their costs under the wrong line item. They billed contractual service costs under the salary line item and supplies costs under the miscellaneous line item. The costs billed under the wrong line item were allowable costs under the correct line item.

All of the above findings with corresponding recommendations for corrective action were included in the audit reports issued for each of the individual agencies. These audit reports can be accessed electronically at http://www.michigan.gov/dhs/0,1607,7-124-5458_7697---,00.html DHS is currently addressing the appropriate corrective actions for each of the findings detailed above.

Conclusion

The BA program has currently served 4,020 youths and their families. The contracts provided the following programming components at the respective levels: 41% provided abstinence-based pregnancy prevention; 94% provided gang violence prevention; 65% provided skills in preparation toward future self-sufficiency; 82% provided leadership development; 98% provided case management or mentoring opportunities; 71% addressed anger management; 59% targeted chemical abuse including non-medical services; and 82% focused on parental involvement.

The preliminary data, as self-reported by the youths, definitively shows that participating youths are receiving positive benefit from their involvement in the BA program. The next annual report, due January 20, 2007, will be comprehensive and present the outcomes for the entire 2006 fiscal year.